

March 26, 2025

To: Senate Committee on Housing and Development

Re: Testimony in support of SB 829 with amendments

Dear Chair Pham, Vice-Chair Anderson, and members of the Committee,

Northwest Housing Alternatives (NHA) is a 40-year-old nonprofit, mission-oriented, community-based housing organization with a portfolio of 2,600 affordable homes. On behalf of the families, seniors, veterans, and people living with disabilities who live in NHA's housing, we support SB 829 with proposed amendments for the purpose of mitigating the premium cost of insurance for affordable housing and establishing an affordable housing premium assistance program fund.

The rapid increase in insurance rates and changes in coverage terms over the past 5 years places an imminent risk to existing affordable housing properties and new development.

- The risk for existing properties is the dramatic increase in operating expenses due to the increase in insurance premiums, forcing organizations like NHA to have to limit staffing at the property and supportive efforts for residents in order to pay insurance premiums. Operating budgets are stretched to the maximum; there is nowhere to reduce other expenses to accommodate increased insurance rates.
- The risk for new development projects is that the cost of insurance coverage now dominates underwriting, thus decreasing a project's ability to carry debt which increases the need for public subsidy, which we all know is capped by Oregon Housing and Community Services guidelines and ever under scrutiny.

NHA has experienced a 500% increase across its portfolio in the past 5 years. During this time at one property the cost of insurance has increased from under 10% of the operating budget to nearly 40%. Deductible levels in policies have increased from \$25,000 per incident to \$100,000. To further describe, during the 2025 renewal process for the first time:

- Insurance companies underwriting NHA properties considered the number of Permanent Support Housing units and the number of project-based rent assistance units – considering the integration of PSH and rent assistance higher risk than properties without.
- Insurance providers have stated that properties in the Portland metro area are of higher risk due to perceived security and damage risks.

We are aware of examples like this occurring across the affordable housing industry nationally and here in Oregon. Housing Oregon and Oregon Housing and Community Services both have gathered data in the past three years and can offer summaries and examples. Some affordable housing providers now have to self-insure their properties – a position of last resort, a worst-case scenario that is becoming more and more a reality every day.

Like SB 829, several other states are considering legislation to address the rising costs of property insurance for affordable housing. For example:

- California is exploring the expansion of its FAIR Plan, which provides insurance to high-risk properties that private insurers won't cover. The state is also considering subsidies for affordable housing developers to help offset insurance costs.
- Florida is looking at strengthening its Citizens Property Insurance Corporation, which serves as the insurer of last resort. Proposed legislation includes increasing funding for this program for affordable housing.
- Texas is considering legislation to create a state-backed insurance pool specifically for affordable housing. This would help spread the risk and reduce premiums for developers.
- New York is proposing a combination of rate regulation and subsidies. The state aims to cap insurance rate increases and provide financial assistance to affordable housing properties facing high insurance costs.

Unfortunately, there will likely be no initiative in support at the federal level, therefore it is incumbent upon you in your role in the state legislature, the staff in state government, and NHA as an example of responsible developers and owners of affordable housing to problem-solve this together and in a timely manner. NHA properties cannot incur such dramatic premium increases in 2026.

I strongly urge you to support SB 829 with amendments. It will not solve the problem entirely, yet it begins a collective state level approach to addressing one of today's imminent risks to affordable housing.

Thank you for your time and consideration,



Trell Anderson
Executive Director